

AMENDED IN SENATE APRIL 6, 2006

SENATE BILL

No. 1612

Introduced by Senator Simitian

February 24, 2006

~~An act relating to water.~~ *An act to add Division 26.6 (commencing with Section 79600) to the Water Code, relating to financing a water conveyance and environmental improvement program, by providing the funds necessary therefor through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1612, as amended, Simitian. ~~San—Francisco Bay/Sacramento-San Joaquin Delta~~ *Clean Drinking Water, Water Supply Security, and Environmental Improvement Bond Act of 2006.*

Under existing law, various bond acts have been approved by the voters to provide funds for water projects, facilities, and programs.

This bill would enact the Clean Drinking Water, Water Supply Security, and Environmental Improvement Bond Act of 2006 which, if approved by the voters would authorize, for purposes of financing a water conveyance and environmental improvement program, the issuance, pursuant to the State General Obligation Bond Law, of bonds in the amount of \$3,000,000,000. The bill would require the Secretary of State to submit the bond act to the voters at the November 7, 2006, statewide general election. The bill would declare that it to take effect immediately as an urgency statute.

~~Existing law requires various state agencies to carry out programs, projects, and activities on behalf of the San Francisco Bay/Sacramento-San Joaquin Delta.~~

~~This bill would make legislative findings and declarations concerning the bay-delta.~~

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: ~~no~~
yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Division 26.6 (commencing with Section 79600)
2 is added to the Water Code, to read:

3
4 DIVISION 26.6. CLEAN DRINKING WATER, WATER
5 SUPPLY SECURITY, AND ENVIRONMENTAL
6 IMPROVEMENT BOND ACT OF 2006

7
8 CHAPTER 1. GENERAL PROVISIONS

9
10 79600. This division shall be known and may be cited as the
11 Clean Drinking Water, Water Supply Security, and
12 Environmental Improvement Bond Act of 2006.

13 79601. The Legislature finds and declares all of the
14 following:

15 (a) The Sacramento-San Joaquin Delta provides all or part of
16 the drinking water supply for 23 million Californians and for
17 hundreds of thousands of acres of agricultural land.

18 (b) The delta watershed has substantial environmental
19 resources, including a major portion of the state's salmon runs.

20 (c) The central delta lands are up to 25 feet below sea level,
21 sinking about two inches per year, and protected by high levees.

22 (d) Scientists have determined that a significant number of
23 delta levees could collapse in an earthquake or flood, thereby
24 drawing salty San Francisco Bay water into the delta and
25 making delta waters unusable for several years and possibly
26 permanently.

27 (e) The loss of the delta water supply would substantially
28 reduce available water supplies for homes, commercial and
29 industrial uses, and agriculture in the San Francisco Bay Area,
30 the San Joaquin Valley, and southern California.

1 (f) *The state's economy would be significantly impaired if*
2 *there were a levee collapse and water supplies were not*
3 *protected in advance, with that impairment of the economy very*
4 *likely being more severe than that caused by Hurricane Katrina.*

5 79602. *It is the intent of the Legislature that the*
6 *implementation of this act does all of the following:*

7 (a) *Provides significant improvements to the quality of the*
8 *drinking water derived from the delta and used as a part of the*
9 *drinking water supply of 23 million Californians.*

10 (b) *Ensures that urban and agricultural water supplies derived*
11 *from the delta are not disrupted because of catastrophic failures*
12 *of delta levees resulting from earthquakes, floods, land sinking,*
13 *rising ocean levels, or other forces.*

14 (c) *Provides a safe, clean, high quality, secure, affordable,*
15 *and sufficient water supply to meet the needs of California*
16 *residents, farms, and businesses.*

17 (d) *Improves and increases aquatic and terrestrial habitats*
18 *and improves ecological functions in the San Francisco*
19 *Bay-Delta and Trinity River watersheds to support sustainable*
20 *populations of plant, fish, and animal species.*

21 (e) *Improves water quality and reduces pollution within the*
22 *watersheds of the bay-delta and Trinity River.*

23 (f) *Reduces the reliance of water users on the delta on a per*
24 *capita basis through conservation, reclamation, reuse, and other*
25 *means.*

26 79604. *Unless the context requires otherwise, the definitions*
27 *set forth in this section govern the construction of this division:*

28 (a) *"Acquisition" means the acquisition of a fee interest or*
29 *any other interest, including easements, leases, and development*
30 *rights.*

31 (b) *"Authority" means the Water Quality and Environmental*
32 *Improvement Authority created by Section 79610.*

33 (c) *"Bay area counties" means those counties that are*
34 *members of the Association of Bay Area Governments.*

35 (d) *"Bay-delta" means the San Francisco*
36 *Bay/Sacramento-San Joaquin Delta Estuary.*

37 (e) *"Board" means the State Water Resources Control Board.*

38 (f) *"Board of directors" means the board of directors of the*
39 *authority.*

1 (g) “CALFED” means the consortium of state and federal
2 agencies with management and regulatory responsibilities in the
3 bay-delta estuary.

4 (h) “CALFED Bay-Delta Program” means the undertaking by
5 CALFED to develop and implement, by means of the final
6 programmatic environmental impact statement/environmental
7 impact report, the preferred programs, actions, projects, and
8 related activities that will provide solutions to identified problem
9 areas related to the bay-delta estuary ecosystem, including, but
10 not limited to, the bay-delta and its tributary watersheds.

11 (i) “Delta” means the area of the Sacramento-San Joaquin
12 Delta as defined in Section 12220.

13 (j) “Department” means the Department of Water Resources.

14 (k) “Facility” means intake facilities and related facilities
15 necessary to implement the clean water project, as described in
16 Chapter 4 (commencing with Section 79620).

17 (l) “Fund” means the Clean Drinking Water, Water Quality
18 Improvement, Environmental Enhancement, and Water Supply
19 Disaster Prevention Fund created by Section 79605.

20 (m) “Nonprofit organization” means any nonprofit
21 corporation formed pursuant to the Nonprofit Public Benefit
22 Corporation Law (Division 2 (commencing with Section 5000) of
23 Title 1 of the Corporations Code) and qualified under Section
24 501 (c)(3) of the United States Internal Revenue Code.

25 (n) “Public water agency” means any public entity, as defined
26 in Section 514 of the Water Code, that provides water service, as
27 defined in Section 515 of the Water Code.

28
29 *CHAPTER 2. CLEAN DRINKING WATER, WATER QUALITY*
30 *IMPROVEMENT, ENVIRONMENTAL ENHANCEMENT, AND WATER*
31 *SUPPLY DISASTER PREVENTION FUND*
32

33 79605. (a) The Clean Drinking Water, Water Quality
34 Improvement, Environmental Enhancement, and Water Supply
35 Disaster Prevention Fund is hereby created.

36 (b) Notwithstanding Section 13340 of the Government Code,
37 the moneys in the fund are hereby continuously appropriated,
38 without regard to fiscal years, to the authority for the purposes
39 set forth in Chapter 4 (commencing with Section 79620).

1 (c) All moneys in the fund shall be expended only for the
2 purposes of, and in accordance with, this division.

3
4 CHAPTER 3. WATER QUALITY AND ENVIRONMENTAL
5 IMPROVEMENT AUTHORITY
6

7 79610. There is hereby created in state government the Water
8 Quality and Environmental Improvement Authority.

9 79611. The board of directors of the authority shall consist of
10 nine members, appointed as follows:

11 (a) One representative selected by the Counties of
12 Sacramento, San Joaquin, and Contra Costa.

13 (b) One representative from an industry-recognized
14 commercial fishing organization with a majority of its members
15 residing in northern California, appointed by the Governor and
16 confirmed by the Senate.

17 (c) One representative from a recognized sport fishing
18 organization with a majority of its members residing in the
19 bay-delta watershed, appointed by the Governor and confirmed
20 by the Senate.

21 (d) One representative from a recognized environmental and
22 conservation organization with a record of involvement in
23 environmental protection and conservation in the bay-delta
24 watershed, appointed by the Governor and confirmed by the
25 Senate.

26 (e) One representative of bay area counties, appointed by the
27 Association of Bay Area Governments.

28 (f) One fishery biologist appointed by the Governor and
29 confirmed by the Senate.

30 (g) One wildlife biologist appointed by the Governor and
31 confirmed by the Senate.

32 (h) One person who resides in the watershed of the
33 Sacramento River for at least the past 10 years prior to
34 appointment and who is recognized as having substantial
35 experience in water resources in the bay-delta watershed,
36 appointed by the Governor and confirmed by the Senate.

37 (i) The chairperson of the authority who resides within a bay
38 area county and who is recognized as having substantial
39 experience in environmental protection related to water,
40 appointed by the Governor and confirmed by the Senate.

1 79611.5. (a) Except as provided in subdivision (b), the
2 members of the board of directors shall serve four year terms,
3 with terms beginning on January 1, 2007.

4 (b) The term for a member of the board of directors described
5 in subdivision (a), (c), (e), (g), or (i) of Section 79611 whose term
6 commences on January 1, 2007, shall be two years.

7 (c) A member of the board of directors shall serve until his or
8 her successor is selected and qualified.

9 79612. The board of directors may select a vice chairperson
10 and other officers determined to be necessary.

11 79613. (a) A member of the board of directors shall receive
12 one hundred dollars (\$100) for each meeting of the authority,
13 including committee meetings, attended by that member. This
14 amount shall be revised annually based on the change in the
15 California Consumer Price Index.

16 (b) The members of the board of directors shall be reimbursed
17 for expenses necessarily incurred in the performance of official
18 duties.

19 (c) The chairperson of the board of directors shall serve full
20 time.

21 79614. (a) The board of directors shall appoint an executive
22 director.

23 (b) The authority shall hire employees necessary to carry out
24 the functions of the authority.

25 (c) The number of employees needed and qualifications of
26 those employees shall be determined by the authority, subject to
27 funds available to the authority.

28 (d) The salary of each authority employee shall be determined
29 by the State Personnel Board, and shall reflect the duties and
30 responsibilities of the position.

31 79616. All persons employed by the authority are state
32 employees, subject to the duties, responsibilities, limitations, and
33 benefits thereof.

34 79617. The headquarters of the authority shall be located in
35 Sacramento.

36
37 CHAPTER 4. CLEAN WATER PROJECT
38

39 79620. (a) Consistent with subdivision (g), the authority
40 shall contract with the department, and as necessary the federal

1 government, to construct a clean water project to relocate the
2 existing delta intake facilities of the State Water Resources
3 Development System and the Central Valley Project to the
4 Sacramento River, in accordance with the requirements of this
5 division.

6 (b) The authority shall carry out the clean water project to
7 accomplish all of the following objectives:

8 (1) Provide significant improvements to drinking water
9 quality.

10 (2) Ensure that urban and agricultural water supplies derived
11 from the delta are not disrupted because of catastrophic failures
12 of delta levees because of earthquakes, floods, land sinking,
13 rising ocean levels, or other forces.

14 (3) Provide a clean, high quality, secure, affordable, and
15 sufficient water supply.

16 (4) Improve and increase aquatic and terrestrial habitats and
17 improve ecological functions in the bay-delta and Trinity River
18 watersheds to support sustainable populations of plant, fish, and
19 animal species.

20 (5) Protect the fish and wildlife resources of the bay-delta.

21 (6) Include fish screens subject to the approval of the
22 Department of Fish and Game.

23 (c) The clean water project shall consist of one or more
24 pipelines and other facilities sufficient to transport the amount of
25 water contracted for conveyance in accordance with this
26 division.

27 (d) The authority shall be the lead agency for the purposes of
28 the California Environmental Quality Act (Division 13
29 (commencing with Section 21000) of the Public Resource Code)
30 and, on behalf of the state, for the purposes of the National
31 Environmental Policy Act of 1969 (42 U.S.C. Sec. 4321 et seq.).

32 (e) The department shall use its powers of eminent domain and
33 land acquisition on behalf of the authority as necessary to obtain
34 a right-of-way for the implementation of the clean water project.

35 (f) The facilities constructed pursuant to subdivision (a) shall
36 be located downstream of the intake facility jointly operated by
37 the County of Sacramento and East Bay Municipal Utility. If
38 changes are required to be made to the Freeport plant of the
39 Sacramento Regional County Sanitation District because of the
40 operation of the facilities constructed pursuant to subdivision (a),

1 *the costs shall be included as costs of the clean water project and*
2 *shall not be the responsibility of that district.*

3 *(g) The facilities constructed pursuant to subdivision (a) may*
4 *be used in conjunction with the existing delta intake facilities*
5 *described in that subdivision in order to permit operational*
6 *flexibility and to protect fish and wildlife resources.*

7 *(h) (1) The authority shall implement the clean water project*
8 *only after a plan of operation is prepared by the authority and all*
9 *necessary approvals and authorizations are secured, including*
10 *any necessary approval or authorization from the federal*
11 *government.*

12 *(2) The authority may not construct facilities under this*
13 *division before entering into contracts for the use of those*
14 *facilities.*

15 *(i) The authority may contract with any public agency to*
16 *transport water through the facilities, subject to the requirements*
17 *of this division.*

18 *79622. (a) The authority shall not convey water through the*
19 *clean water project for the State Water Resources Development*
20 *System if that conveyance would result in more water being*
21 *exported from the delta by the State Water Resources*
22 *Development System than the amount of water that would have*
23 *been exported based on the 2006 level of water development and*
24 *the water-year type, as determined by the authority.*

25 *(b) The authority shall not convey water through the clean*
26 *water project for export by the Central Valley Project if that*
27 *conveyance would result in more water being exported from the*
28 *delta by the Central Valley Project than the amount of water that*
29 *would have been exported based on the 2006 level of water*
30 *development and the water-year type, as determined by the*
31 *authority.*

32 *79624. (a) Before a public water agency may enter into a*
33 *contract with the authority for water conveyance by means of the*
34 *clean water project, the public water agency, as applicable, shall*
35 *submit to the authority a plan approved by the board for*
36 *reducing the per capita use of municipal and industrial water by*
37 *the public water agency and any municipal and industrial water*
38 *contractors of the public water agency by 10 percent by 2015*
39 *and 25 percent by 2030 utilizing increased water efficiency,*

1 improved groundwater management, recycling, and other local
2 water sources.

3 (b) Before a public water agency may enter into a contract
4 with the authority for water conveyance by means of the clean
5 water project, the public water agency, as applicable, shall
6 submit to the authority a plan approved by the board for
7 reducing the use of irrigation water by the public water agency
8 and any agricultural water contractors of the agency. The plan
9 shall demonstrate financially efficient and technologically
10 feasible methods of water use reduction.

11 79625. The authority shall expend moneys in the fund to
12 implement the clean water project. If moneys in the fund exceed
13 that amount necessary to complete the clean water project, the
14 remaining funds shall be expended by the authority for capital
15 outlay projects in accordance with the priorities set forth in
16 Sections 79641 and 79641.5. If the moneys in the fund are less
17 than the amount necessary to complete the clean water project,
18 the authority shall contract with the department for the issuance
19 of revenue bonds in accordance with Part 3 (commencing with
20 Section 11100) of Division 6 to complete the clean water project.

21 79629. The clean water project may be constructed in phases.

22 79630. The authority shall own and operate facilities
23 constructed to implement the clean water project. The authority
24 shall maintain the facilities in good operating condition.

25 79633. The contracts entered into by the authority to convey
26 water through the facilities constructed pursuant to subdivision
27 (a) of Section 79620 shall produce annual revenue adjusted for
28 inflation that is the sum of all of the following:

29 (a) The operating costs of those facilities.

30 (b) An amount equivalent to the average annual principal and
31 interest payments on the general obligation bonds authorized
32 under this division and utilized to construct facilities to
33 implement the clean water project, regardless of whether the
34 bonds are still outstanding.

35 (c) A watershed rehabilitation fee in the amount of ____
36 (\$____) per year.

37 79640. The authority shall expend its revenues from contracts
38 involving the use of the facilities constructed pursuant to
39 subdivision (a) of Section 79620 in the following order of
40 priority:

1 (a) *Operation and maintenance of those facilities.*

2 (b) *Paying the salaries and other ongoing expenses of the*
3 *authority.*

4 (c) *Paying for the annual audits required by Section 79648.*

5 (d) *Paying for the costs of the board pursuant to this division.*

6 79641. (a) *After allocating funds in accordance with Section*
7 *79640, not less than 30 percent of the remaining funds shall be*
8 *expended for a grant program to fund water conservation,*
9 *wastewater reclamation, desalination of brackish groundwater,*
10 *and other programs that reduce water needs in areas that rely on*
11 *water that originates in the watershed of the bay-delta.*

12 (b) *For the purposes of carrying out subdivision (a), priority*
13 *shall be given to programs that benefit low-income households*
14 *for the purpose of reducing water bills.*

15 79641.5. *After allocating funds in accordance with Sections*
16 *79640 and 79641, any remaining funds shall be expended as*
17 *follows:*

18 (a) *For the recovery of aquatic species in the watersheds of*
19 *the bay-delta and Trinity River that are listed as endangered,*
20 *threatened, or rare pursuant to the federal Endangered Species*
21 *Act of 1973 (16 U.S.C. Sec. 1531 et seq.), or the California*
22 *Endangered Species Act (Chapter 1.5 (commencing with Section*
23 *2050) of Division 3 of the Fish and Game Code).*

24 (b) *For the improvement and protection of the ecosystems,*
25 *water quality, and watersheds of the bay-delta estuary, and the*
26 *Sacramento, Trinity, and San Joaquin Rivers, including the*
27 *acquisition of lands from willing sellers.*

28 79642. *The authority shall consult with CALFED and the*
29 *agencies that participate in CALFED to avoid duplication, and*
30 *increase the effectiveness of expenditures under this division. The*
31 *authority shall consider the objectives and functions of the*
32 *CALFED Bay-Delta Program in developing its expenditure plan*
33 *under this division.*

34 79643. *The authority shall not, by itself, carry out*
35 *construction or ecosystem restoration programs financed by this*
36 *division, but shall award grants and contracts to public agencies*
37 *and nonprofit organizations, including local conservation corps,*
38 *to carry out these programs.*

1 79644. *The authority may receive grants or gifts from public*
2 *agencies, private entities, or individuals for the purposes of*
3 *Section 79640, 79641, or 79641.5.*

4 79645. *The authority shall be represented by the Attorney*
5 *General in any litigation, and shall reimburse the Attorney*
6 *General for any costs incurred.*

7 79646. (a) *All revenues received by the authority from the*
8 *transmission of water through facilities constructed pursuant to*
9 *subdivision (a) of Section 79620 shall be deposited in the Facility*
10 *Fund, which is hereby created.*

11 (b) *Notwithstanding Section 13340 of the Government Code,*
12 *the moneys in the Facility Fund are hereby continuously*
13 *appropriated, without regard to fiscal years, to the authority in*
14 *accordance with Sections 79640, 79641, and 79641.5.*

15 (c) *The Department of Finance shall list the authority in the*
16 *annual state budget submitted to the Legislature, but the*
17 *Legislature may not appropriate authority funds derived from the*
18 *transmission of water through the facilities constructed pursuant*
19 *to subdivision (a) of Section 79620.*

20 (d) *Excluding for the regulatory and permitting authority of*
21 *the Department of Fish and Game, the State Water Resources*
22 *Control Board, the Department of Toxic Substances Control, and*
23 *other entities responsible for pollution control, the authority's*
24 *programs and projects are not subject to the approval by any*
25 *other state entity, including, but not limited to, the State Public*
26 *Works Board or the Department of General Services.*

27 (e) *The authority may use moneys in the fund to carry out the*
28 *purposes of this division.*

29 79648. (a) *The Auditor General shall audit the authority*
30 *annually, and shall be reimbursed by the authority for the audit.*
31 *The Auditor General shall report the findings of the audit to the*
32 *Legislature and the Governor, and shall make the results of the*
33 *audit available to the public by posting that information on its*
34 *Internet Web site.*

35 (b) *The Legislature may appropriate funds for an independent*
36 *audit of the authority.*

CHAPTER 5. MISCELLANEOUS PROVISIONS

79662. If the operation of the clean water project increases the yield of usable water above amounts that would exist in the absence of the project, the authority shall have the right to use that water. Subject to regulatory approvals, the authority may assign any or all of that water for environmental purposes or for resolution of legacy water conflicts.

79665. It is the intent of the Legislature that facilities financed by this division shall be designed and constructed so as to improve the security and safety of the state's drinking water system.

79666. It is the intent of the Legislature that investments of public funds pursuant to this division should result in public benefits.

79670. Venue for any litigation brought concerning the construction or operation of the clean water project implemented pursuant to this division shall be the Superior Court of Sacramento County.

CHAPTER 6. FISCAL PROVISIONS

79685. (a) Bonds in the total amount of three billion dollars (\$3,000,000,000), not including the amount of any refunding bonds issued in accordance with Section 79696, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this division and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute valid and binding obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

(b) The Treasurer shall sell the bonds authorized by the committee pursuant to this section. The bonds shall be sold upon the terms and conditions specified in a resolution to be adopted by the committee pursuant to Section 16731 of the Government Code.

1 79686. *The bonds authorized by this division shall be*
2 *prepared, executed, issued, sold, paid, and redeemed as provided*
3 *in the State General Obligation Bond Law, and all of the*
4 *provisions of that law apply to the bonds and to this division and*
5 *are hereby incorporated in this division as though set forth in full*
6 *in this division.*

7 79687. *(a) Solely for the purpose of authorizing the issuance*
8 *and sale, pursuant to the State General Obligation Bond Law, of*
9 *the bonds authorized by this division, the Clean Drinking Water,*
10 *Water Supply Security, and Environmental Improvement Bond*
11 *Finance Committee is hereby created. For purposes of this*
12 *division, the Clean Drinking Water, Water Supply Security, and*
13 *Environmental Improvement Bond Finance Committee is “the*
14 *committee” as that term is used in the State General Obligation*
15 *Bond Law. The committee consists of the Controller, the Director*
16 *of Finance, and the Treasurer, or their designated*
17 *representatives. The Treasurer shall serve as chairperson of the*
18 *committee. A majority of the committee may act for the*
19 *committee.*

20 ***(b) For purposes of the State General Obligation Bond Law,***
21 ***the department is designated the “board.”***

22 79688. *The committee shall determine whether or not it is*
23 *necessary or desirable to issue bonds authorized pursuant to this*
24 *division to carry out this division and, if so, the amount of bonds*
25 *to be issued and sold. Successive issues of bonds may be*
26 *authorized and sold to carry out those actions progressively, and*
27 *it is not necessary that all of the bonds authorized to be issued be*
28 *sold at any one time.*

29 79689. *There shall be collected each year and in the same*
30 *manner and at the same time as other state revenue is collected,*
31 *in addition to the ordinary revenues of the state, a sum in an*
32 *amount required to pay the principal of, and interest on, the*
33 *bonds each year, and it is the duty of all officers charged by law*
34 *with any duty in regard to the collection of the revenue to do and*
35 *perform each and every act which is necessary to collect that*
36 *additional sum.*

37 79690. *Notwithstanding Section 13340 of the Government*
38 *Code, there is hereby appropriated from the General Fund in the*
39 *State Treasury, for the purposes of this division, an amount that*
40 *will equal the total of the following:*

1 (a) *The sum annually necessary to pay the principal of, and*
2 *interest on, bonds issued and sold pursuant to this division, as*
3 *the principal and interest become due and payable.*

4 (b) *The sum that is necessary to carry out Section 79693,*
5 *appropriated without regard to fiscal years.*

6 79691. *The department may request the Pooled Money*
7 *Investment Board to make a loan from the Pooled Money*
8 *Investment Account, including other authorized forms of interim*
9 *financing that include, but are not limited to, commercial paper,*
10 *in accordance with Section 16312 of the Government Code, for*
11 *the purpose of carrying out this division. The amount of the*
12 *request shall not exceed the amount of the unsold bonds that the*
13 *committee has, by resolution, authorized to be sold for the*
14 *purpose of carrying out this division. The department shall*
15 *execute those documents required by the Pooled Money*
16 *Investment Board to obtain and repay the loan. Any amounts*
17 *loaned shall be deposited in the fund to be allocated by the*
18 *department in accordance with this division.*

19 79692. *Notwithstanding any other provision of this division,*
20 *or of the State General Obligation Bond Law, if the Treasurer*
21 *sells bonds that include a bond counsel opinion to the effect that*
22 *the interest on the bonds is excluded from gross income for*
23 *federal tax purposes under designated conditions, the Treasurer*
24 *may maintain separate accounts for the bond proceeds invested*
25 *and for the investment earnings on those proceeds, and may use*
26 *or direct the use of those proceeds or earnings to pay any rebate,*
27 *penalty, or other payment required under federal law or take any*
28 *other action with respect to the investment and use of those bond*
29 *proceeds, as may be required or desirable under federal law in*
30 *order to maintain the tax-exempt status of those bonds and to*
31 *obtain any other advantage under federal law on behalf of the*
32 *funds of this state.*

33 79693. *For the purposes of carrying out this division, the*
34 *Director of Finance may authorize the withdrawal from the*
35 *General Fund of an amount or amounts not to exceed the amount*
36 *of the unsold bonds that have been authorized by the committee*
37 *to be sold for the purpose of carrying out this division. Any*
38 *amounts withdrawn shall be deposited in the fund. Any money*
39 *made available under this section shall be returned to the*
40 *General Fund, with interest at the rate earned by the money in*

1 *the Pooled Money Investment Account, from proceeds received*
2 *from the sale of bonds for the purpose of carrying out this*
3 *division.*

4 79694. *All money deposited in the fund that is derived from*
5 *premium and accrued interest on bonds sold pursuant to this*
6 *division shall be reserved in the fund and shall be available for*
7 *transfer to the General Fund as a credit to expenditures for bond*
8 *interest.*

9 79695. *Pursuant to Chapter 4 (commencing with Section*
10 *16720) of Part 3 of Division 4 of Title 2 of the Government Code,*
11 *the cost of bond issuance shall be paid out of the bond proceeds.*

12 79696. *The bonds issued and sold pursuant to this division*
13 *may be refunded in accordance with Article 6 (commencing with*
14 *Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of*
15 *the Government Code, which is a part of the State General*
16 *Obligation Bond Law. Approval by the electors of the state for*
17 *the issuance of the bonds under this division shall include*
18 *approval of the issuance of any bonds issued to refund any bonds*
19 *originally issued under this division or any previously issued*
20 *refunding bonds.*

21 79697. *The Legislature hereby finds and declares that,*
22 *inasmuch as the proceeds from the sale of bonds authorized by*
23 *this division are not “proceeds of taxes” as that term is used in*
24 *Article XIII B of the California Constitution, the disbursement of*
25 *these proceeds is not subject to the limitations imposed by that*
26 *article.*

27 SEC. 2. *Section 1 of this act shall become operative only if*
28 *both of the following occur:*

29 (a) *SCA ____ of the 2005–06 Regular Session is submitted to*
30 *and approved by the voters at the November 7, 2006, statewide*
31 *general election.*

32 (b) *The voters approve the Clean Drinking Water, Water*
33 *Supply Security, and Environmental Improvement Bond Act of*
34 *2006, as set forth in Section 1 of this act.*

35 SEC. 3. (a) *Notwithstanding any other provision of law, all*
36 *ballots of the election shall have printed thereon and in a square*
37 *thereof, the words: “Clean Drinking Water, Water Supply*
38 *Security, and Environmental Improvement Bond Act of 2006”*
39 *and in the same square under those words, the following in*
40 *8-point type: “This act provides for a bond issue of three billion*

1 dollars (\$3,000,000,000) to provide funds to substantially
2 improve drinking water quality, enhance the environment, and
3 prevent disasters from interrupting California's major water
4 supply."

5 (b) Opposite the square, there shall be left spaces in which the
6 voters may mark the ballot in the manner required by law to
7 indicate whether they vote for or against the act.

8 (c) Where voting in the election is done by means of voting
9 machines used pursuant to law in a manner that carries out the
10 intent of this section, the use of the voting machines and the
11 expression of the voters' choice by means thereof are in
12 compliance with this section.

13 SEC. 4. Notwithstanding Sections 13247 and 13281 of the
14 Elections Code, the language in Section 3 shall be the only
15 language included in the ballot label for the condensed statement
16 of the ballot title, and the Attorney General shall not supplement,
17 subtract from, or revise that language, except that the Attorney
18 General may include the financial impact summary prepared
19 pursuant to Section 9087 of the Elections Code and Section
20 88003 of the Government Code. The ballot label is the condensed
21 statement of the ballot title and the financial impact summary.

22 SEC. 5. Notwithstanding the requirements of any other
23 provision of law, the Secretary of State shall submit Section 1 of
24 this act to the voters at the November 7, 2006, statewide general
25 election.

26 SEC. 6. This act is an urgency statute necessary for the
27 immediate preservation of the public peace, health, or safety
28 within the meaning of Article IV of the Constitution and shall go
29 into immediate effect. The facts constituting the necessity are:

30 In order to enhance the security and reliability of the state's
31 water supplies, as soon as possible, thereby protecting public
32 health and safety and the environment, it is therefore necessary
33 that this act take effect immediately.

34 SECTION 1. ~~The Legislature finds and declares all of the~~
35 ~~following:~~

36 ~~(a) More than 23 million Californians rely on the~~
37 ~~Sacramento-San Joaquin Delta for their water supply, including~~
38 ~~those in southern California, and many in the north, east, and~~
39 ~~south San Francisco Bay area. The State Water Project, the~~

~~1 federal Central Valley Project, and the Contra Costa Water
2 District all divert from the delta.~~

~~3 (b) Millions of acres of California farmland rely on the delta
4 for all or part of their water supply.~~

~~5 (c) The delta levees have a long history of failure, even during
6 low flow periods in the summer. Insufficient funds have been
7 available to enable the levees to withstand even moderate flood
8 and seismic events.~~

~~9 (d) The quality of the water delivered by the State Water
10 Project and the federal Central Valley Project is highly
11 vulnerable to degradation by seawater, which intrudes into the
12 delta when delta levees fail.~~

~~13 (e) The ecosystems of the San Francisco Bay and the delta
14 have been degraded due to a wide variety of reasons that include
15 pollution, “upstream” and delta water diversions, introduction of
16 nonnative species, irrigation practices, and ship channel
17 construction.~~

~~18 (f) The level of some delta islands has declined to as much as
19 20 feet below sea level due to soil compaction, wind erosion, and
20 oxidation. This greatly increases the chances of island
21 inundation. Some islands, such as Frank’s Tract and Mildred
22 Island, have been permanently inundated after levee failure.~~

~~23 (g) California native fish species have been placed on state and
24 federal threatened species lists due to conditions in the bay and
25 the delta. The delta smelt, a species unique to California, is on
26 the edge of extinction.~~

~~27 (h) The delta levees are subject to collapse in the event of a
28 severe earthquake or a flood, and this danger is increasing with
29 rising sea levels. The University of California has recently
30 concluded that there is “a 2-in-3 probability that abrupt change
31 will occur in the delta in the next 50 years.” That “change”
32 includes abrupt landscape change or multiple levee and island
33 failure.~~

~~34 (i) Increasing urbanization in the delta has resulted in the
35 conversion of agricultural lands to urban uses. Flood events in
36 urbanized areas can cause much more serious damage than in
37 agricultural areas.~~

~~38 (j) Delta water quality and native aquatic species in the delta
39 are threatened by newly introduced non-native species. Despite
40 efforts by state and federal agencies, new species continue to be~~

1 introduced, threatening the delta ecosystem. One introduced
2 algae species has caused serious water quality problems in
3 certain areas outside of the delta, and may do so in the delta.

4 (k) Hundreds of millions of dollars have been expended for
5 studies and projects relating to water quality, fish protection, and
6 other matters of concern on behalf of the bay-delta. Although
7 many of these projects have been successful, and have resulted in
8 improvements, these efforts have not solved the many problems
9 of the bay-delta.

10 (l) The CALFED Record of Decision (ROD) proposes a host
11 of programs to solve these problems. There is an emerging
12 consensus that the ROD does not address all the elements needed
13 to safeguard the quality of the water supply of those who rely on
14 the delta, and that the implementation of the ROD will not result
15 in recovery of listed species and other species of biological and
16 economic importance.

17 (m) It is the intent of the Legislature to develop solutions to
18 these problems facing the bay-delta.